

WAGE STABILIZATION BOARD  
RECOMMENDATIONS IN STEEL DISPUTE

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STAFF REPORT  
TO THE  
SUBCOMMITTEE ON LABOR AND LABOR-MANAGEMENT  
RELATIONS  
OF THE  
COMMITTEE ON LABOR AND PUBLIC WELFARE  
UNITED STATES SENATE  
EIGHTY-SECOND CONGRESS  
SECOND SESSION  
ON  
WAGE STABILIZATION BOARD  
RECOMMENDATIONS IN STEEL DISPUTE



PRESENTED BY MR. HUMPHREY

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## INTRODUCTION

The problem of dealing with emergency disputes has been the subject of continuing interest and inquiry by the Senate Committee on Labor and Public Welfare. Last year, the Subcommittee on Labor and Labor-Management Relations held extensive hearings and issued a report on the disputes functions of the Wage Stabilization Board.

In view of the importance of the current dispute in the steel industry, the subcommittee invited Mr. Nathan P. Feinsinger, Chairman of the Wage Stabilization Board, to explain to the subcommittee the background of the Board's thinking leading to its recommendations in the steel dispute.

We believe that in the heat of the controversy, the essential facts with respect to the Wage Stabilization Board's recommendations have been obscured. What follows, then, is a subcommittee staff analysis of Mr. Feinsinger's testimony.

HUBERT H. HUMPHREY.

## INTRODUCTION

NOTE.—The presentation is organized as follows:

- I. The 1952 wage adjustment.
- II. The fringe adjustments.
- III. The 1953 adjustment.
- IV. The union security issue.

iv

HUBERT H. HUMPHREY

iii

## FACTS ABOUT THE STEEL CASE

### I. THE 1952 WAGE ADJUSTMENT

#### (a) *Board recommendations*

Although the union was seeking an 18½ cents an hour wage adjustment for a 1-year contract, the Board recommended for 1952 an increase of 12½ cents an hour effective last January 1 and an additional 2½ cents an hour beginning next July 1. For the full year 1952 the recommended adjustment averages 13¼ cents an hour.

#### (b) *Cost-of-living changes*

The steelworkers have had no increase in wages since December 1, 1950—a period of 16 months.

In view of the rise in the cost of living during those intervening months, the increase proposed by the Board will leave the steelworkers with less real purchasing power than they enjoyed at the end of 1950.

If the parties had adopted an escalator clause in their last agreement, the steelworkers by now would have received cost-of-living pay boosts amounting to 16 cents an hour. Such an escalator clause would have been based on the October 15, 1950, index, the last one available at the time the present contract was negotiated.

Even the November 15, 1950, cost of living index—if it had been available at the time—would have yielded 15 cents by January 1, 1952.

Thus the wage adjustment proposed by the Board is not even sufficient to balance the cost-of-living change since the last agreement. This is true even in face of the fact that a substantial rise in productivity is conceded by all parties concerned.

#### (c) *Wage changes in related industries*

While the steelworkers' wages were unchanged for 16 months, millions of workers in other industries were granted substantial increases during this period. These adjustments were negotiated by employers and unions and approved by the Wage Stabilization Board, where such approval was required.

Since December 1, 1950, the date of the last steel contract, the following adjustments have been made in other major industries: Automobiles, 17 cents an hour; meat packing, 17.3 cents; rubber, 13 cents; farm machinery (International Harvester) 17 cents; electrical, 15.5 cents; shipbuilding, 17 cents plus; non ferrous metals, 15 to 16 cents.

Thus the 12½ cent immediate increase recommended in the steel case (and the average 13¼ cent increase during 1952) are less than the increases granted to employees in most of the related industries since the last steel adjustment.

These comparisons make it apparent that the Board's wage recommendations in the steel case do not establish a pattern for other



industries to follow and will not initiate a new "round" of wage boosts. Under the Board's proposals, the steelworkers are simply catching up to past increases in other fields.

*(d) Other factors*

In making its recommendations, the Board also took into consideration the admitted rise in productivity in the steel industry, the fact that there will be no further wage reopenings during 1952 and the necessity of the parties using part of the recommended total increase in adjusting increments between job classes in order to maintain a balanced wage structure.

## II. THE FRINGE ADJUSTMENTS

*(a) General*

Fringe benefits in the steel industry have lagged behind those enjoyed by workers in comparable industries because the basic steel contract has not been renegotiated for several years. In its recommendations, however, the Board greatly modified the union demands and recommended only that certain of the fringe benefits be brought up to prevailing levels in related industries. This is clearly consistent with General Wage Regulation 13.

*(b) Shift differentials*

The Board recommended that the existing differentials of 4 cents for the second shift and 6 cents for the third shift, which were established in 1944, be increased to 6 and 9 cents, respectively.

By comparison, shift differentials for the second and third shifts are 10 cents and 15 cents at General Motors and Ford; 18 cents at International Harvester and General Electric. BLS studies show that shift differentials exceeding 6 and 9 cents are prevalent in manufacturing industries as a whole.

*(c) Holiday pay*

The Board recommended six paid holidays for the steelworkers with double time for holidays when worked. This is the practice in the automobile, farm equipment, and rubber industries. In the meat-packing industry, eight paid holidays at triple time are provided, while the electrical industry gives seven paid holidays at double time. Virtually every major industry observes holiday practices which are at least as liberal as those recommended by the Board.

*(d) Vacations*

Again, the Board's recommendation of 3 weeks' vacation after 15 years service—instead of the 25 years required in the last contract—is in line with prevailing practice. Industries with such a vacation practice (or a more liberal one) include agricultural machinery, automobiles, can manufacturing, electrical equipment, meat packing, and rubber.

*(e) Geographical differentials*

Although the union asked that all geographical differentials be eliminated, the Board recommended only that the existing 10 cents an hour differential between plants of the same company in the North and South be reduced to 5 cents. This merely follows the tendency which the parties themselves developed in collective bargain-

ing. In 1947, they reduced the differential from 17½ cents to 14½ cents. In 1950, the parties further narrowed it to 10 cents.

(f) *Premium pay for Sunday work*

The Board recommended that the steelworkers receive pay at one and a fourth times their regular rate for Sunday work beginning January 1, 1953.

Premium pay for Sunday work has gained widespread acceptance in American industry. A BLS study made in 1950, covering about 2,500,000 workers in more than 450 establishments, found approximately 50 percent of employees receiving double time for Sunday work and a further 10 percent receiving time and one-half.

Premium pay for Sunday work is not exceptional in continuous operation industries. Time and one-half for Sunday work is paid in the aluminum industry, paper manufacturing, glass manufacturing, telephone industry, and by some of the largest food processing companies. The Ford Motor Co. pays a small Sunday premium to workers on continuous operations in its steel mill.

(g) *Cost of fringe benefits*

The Board recommended that the fringe benefits become effective as of the first payroll period following its recommendations (March 20). This means that the actual cost of the fringe recommendations prorated over 1952 will be reduced to 4¼ cents an hour, whereas the full annual cost of the holiday, vacation and shift recommendations would be 5½ cents an hour according to company estimates. The recommended premium rate for Sunday work, if adopted by the parties, will not take effect until 1953 and will cost 3½ cents at that time.

### III. THE 1953 ADJUSTMENT

(a) *A 2½-cent-an-hour increase effective January 1, 1953*

This "step-up" increase recommended by the Board, as well as the step-up for July 1, 1952, is related to the proposed 18-month contract with no reopening. Such an agreement is distinctly uncommon amidst the growing tendency toward short term agreements or frequent automatic wage adjustments during the emergency period.

Even with the second step-up adjustment next January 1, the steelworkers still will be behind General Motors and other auto workers, whether the cost of living rises, remains stable, or declines in coming months. This results from the fact that the auto workers, in addition to the escalator clause in their contract, receive an annual "improvement" increase of 4 cents an hour in recognition of higher productivity.

Hence, General Motors and other auto employees will receive a 4 cents an hour increase in May or June 1952, and a similar adjustment in the summer of 1953—or a total increase of 8 cents between now and July 1, 1953, the proposed expiration date of the steel contract.

If the cost of living should remain stable, total increases in the automobile industry will be 25 cents an hour between December 15, 1950—the date of the last steel agreement—and July 1953, the end of the recommended new steel pact, as compared with 17½ cents recommended for steel. If the cost of living rises, the differential will be even greater. If the cost of living index should fall 8 points, or more than 4 percent, the over-all auto wage adjustment still would be as high as the proposed steel increase.

## IV. THE UNION-SHOP ISSUE

A majority of the Board recommended that the parties include a union-shop provision in their new contracts, the exact form and condition thereof to be determined by them in their forthcoming negotiations.

The public members would have preferred a different recommendation, one which would have returned the matter to the parties for collective bargaining, with the Board to be prepared to consider further recommendations in the event the parties failed to resolve the issue. But a majority of the Board could not be obtained to support this position. When the labor members moved for a recommendation of the union shop, the public members voted in the negative, stating that they did so because they believed that the parties should be given another chance to bargain on the issue, since their prior bargaining had been so unsatisfactory. The public members then moved their proposal and this was rejected by both the labor and industry members. The latter took the position that retention of jurisdiction would imply that, if the parties failed to agree, the Board might then make the recommendation, whereas the Board should not recommend the union shop in any case. The public members were thus left with only the alternative of recommending the union shop or agreeing that the Board would not do so in any case. Under the necessity of choosing between these alternatives, the public members concluded that reason, fairness, and equity required the former.

The form of union security provided for in contracts between the union and most of the steel companies is maintenance of membership and check-off. Under this arrangement, all employees who are members of the union when a contract is signed, and all employees who may join the union thereafter, must continue to maintain their membership for the duration of the collective agreement as a condition of employment.

The union requested that the present maintenance-of-membership arrangement be changed to the union shop as authorized by the Labor-Management Relations (Taft-Hartley) Act of 1947, as amended. In substance, this arrangement would extend the present obligations of union members to all employees in the bargaining unit. Specifically, all employees in the bargaining unit would be required as a condition of employment to pay to the union a uniform initiation fee and periodic dues.

The union shop is not new to the steel industry or to industries related thereto; 45 percent of this union's 2,200 contracts covering production and maintenance units in basic steel and fabricating plants contain union-shop provisions. As of October 1951, 27 of the 66 contracts between the union and companies operating basic steel plants contained provisions for either the full union shop or some modification thereof beyond maintenance of membership. A number of coal mines and railroads owned or controlled by the steel companies also have union-shop agreements with other unions.



A majority of the employees in the steel industry desire a union shop. As of December 1951, union-shop elections had been held in some or all of the plants of 54 out of the 66 companies having steel ingot or pig iron capacity at which the union is the bargaining representative. Out of 74 elections held, the employees voted for the union shop in all save 3. Of 467,000 employees who were eligible to vote in these elections, 82 percent of the eligibles voted. Of the eligibles, 66.9 percent voted for the union shop. Out of the 385,810 employees actually voting, 83.3 percent voted for the union shop.

The Board has not recommended any specific form or condition of union-shop agreement. It has called to the attention of the parties various alternatives which might be adopted. These include, in addition to the type of union shop prescribed in the Taft-Hartley Act, modified union security arrangements, of which the General Motors provisions and the Rand formula for maintenance of dues are illustrative.

The union-shop issue is one of many in the steel dispute, and the Board's responsibility for making recommendations is no less with respect to that issue than to any of the others. The Board's recommendation does not violate the Taft-Hartley Act and is not inconsistent with any other Federal or State legislation.

# 6 WAGE STABILIZATION BOARD RECOMMENDATIONS IN STEEL DISPUTE

## Steel case issues, union demands, and WSB recommendations

Issue	Present	Union demand	Board recommendations
Wage increase-----		18.5 cents-----	12.5 cents (effective January 1952), 2.5 cents (effective July 1952), 2.5 cents (effective January 1953).
Guaranteed wage-----		Establish employer financed trust fund.	Returned to parties for joint consideration.
Severance pay-----		Liberalization of existing practice.	Returned to parties for consideration with guaranteed annual wage.
Reporting allowance-----		Increase to 8 hours pay from present 4 hours.	Do.
Technological demotion pay-----		Institution of provision.	For withdrawal of demand.
Geographical differential-----		Eliminate 10-cent southern differential.	Narrow to 5 cents.
Shift differential:			
Second-----	4 cents-----	10 cents-----	6 cents.
Third-----	6 cents-----	15 cents-----	9 cents.
Holiday pay:			
(a) Paid holidays-----	None-----	8-----	6.
(b) Holidays worked-----	Time and one-half-----	Double time and one-half-----	Double time.
Vacations-----	1 week for 1 year's service; 2 weeks for 5 years; and 3 weeks for 25 years.	1 week for 1 year's service; 2 weeks for 2 years; 3 weeks for 5 years; and 4 weeks for 25 years.	No change except 3 weeks after 15 years instead of 25.
Saturday and Sunday premium pay-----	None-----	Time and one-half for Saturday; double time for Sunday.	Time and one-quarter for Sunday, effective Jan. 1, 1953.
Contracting out-----		Prohibit-----	Union should withdraw demand.
Definition of employee-----		Revision-----	Returned to parties.
Responsibilities of parties-----		Revision (companies also proposed revisions).	Do.
Rates of pay--incentives-----		(1) Give up agreement to agree (companies propose retention); (2) revise rules (companies proposed revisions).	Do.
Local working conditions, Management rights and rates of pay--job structure-----		Both union and companies proposed substantial revisions.	No change.
Rates of pay--miscellaneous-----		Revision-----	Returned to parties.
Seniority-----		Substantial revision-----	Local unions should be furnished with adequate seniority lists. All other seniority issues returned to parties.
Purpose and intent; adjustment of grievances; arbitration; suspension and discharge; safety and health; military service-----	Returned to the parties in accordance with their agreement.		
Union security-----		Maximum union security permissible under Taft-Hartley and applicable State statutes.	A form of union shop to be negotiated by parties.
Absenteeism-----		Notice required whenever practicable.	Returned to parties.
Application of shift differentials-----		Changed and liberalized.	Do.
Application of vacations-----		Changed and liberalized (eligibility for unemployment compensation).	Do.
Application of paid holidays-----		(Companies urged need for rules).	Parties should negotiate eligibility rules.
Premium and overtime pay-----		Substantial revision and liberalization of rules and provisions for penalty pay for company violations.	Premium or penalty pay for sporadic rescheduling of individuals; premium pay or reporting allowance for split shifts.
Retroactivity-----		All money issues-----	General wage increase only.